

Message Text

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PAGE 01 TOKYO 08178 01 OF 02 030652Z
ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05
SS-15 STR-04 CEA-01 JUSE-00 FTC-01 L-03 H-01
PA-01 PRS-01 /093 W
-----030700Z 049540 /15

R 030602Z JUN 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 8305
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY SANA
AMEMBASSY TRIPOLI
AMEMBASSY TEL AVIV

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 8178

E.O. 11652: N/A
TAGS: ETRD, PFOR, JA, KU
SUBJECT: KUWAIT BOYCOTT OF RCA LICENSEES IN JAPAN

REF: A) STATE 123382; B) TOKYO 7902 (NOTAL)

1. BEGIN SUMMARY: FOREIGN MINISTRY CONFIRMS THAT KUWAIT
HAS OFFICIALLY ANNOUNCED BOYCOTT OF CERTAIN ELECTRONIC
PRODUCTS OF FOUR JAPANESE FIRMS WHICH HAVE COMPONENTS
MANUFACTURED UNDER RCA LICENSES AND THAT TRADE INVOLVED
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PAGE 02 TOKYO 08178 01 OF 02 030652Z

VALUED AT ABOUT \$100 MILLION A YEAR. JAPANESE FIRMS NOW
SEEKING REVERSAL OF KUWAIT'S BOYCOTT DECISION BY ARGUING
THAT VALUE REPRESENTED BY RCA LICENSING ARRANGEMENTS IS
ONLY VERY NOMINAL PART OF TOTAL COSTS OF PRODUCTS INVOLVED.
FORMIN OFFICIALS REPORT ANOTHER JAPANESE FIRM FACES
KUWAIT BOYCOTT BECAUSE OF LICENSING ARRANGEMENT WITH
U.S. FIRM, AQUA CHEM., INC. END SUMMARY.

2. IN DISCUSSIONS WITH COMMERCIAL ATTACHE AND EMBOFF, OFFICIALS OF SECOND MIDDLE EAST DIVISION OF FOREIGN MINISTRY CONFIRMED THAT KUWAIT HAD OFFICIALLY ANNOUNCED BOYCOTT OF CERTAIN ELECTRICAL PRODUCTS OF FOLLOWING JAPANESE FIRMS WHICH HAVE COMPONENTS MANUFACTURED UNDER RCA LICENSES: MATSUSHITA ELECTRIC INDUSTRIAL CO.; HITACHI LTD.; SHARP CORP.; AND NIPPON ELECTRIC CO. LTD. (NEC). COPY OF KUWAIT OFFICIAL GAZETTE OF MARCH 6, 1977 (PROVIDED TO EMBOFF) INDICATED FOLLOWING PRODUCTS OF NEC BOYCOTTED: COLOR MONITOR FOR STUDIO EQUIPMENT, RADIO SOUND TAPE RECORDERS, RADIO ELECTRICAL PNOGRAPHS AND BLACK AND WHITE TV. KUWAIT OFFICIAL GAZETTE OF MAY 15, 1977 LISTS FOLLOWING BOYCOTTED PRODUCTS OF MATSUSHITA: COLOR TV, BLACK AND WHITE TV, RADIOS (SUPER HETRODINE) TAPE RECORDERS, PHONOGRAPHS, AMPLIFIERS, STUDIO EQUIPMENT, VTR, AND PHOTO-CONDUCTIVE CELLS.

3. FORMIN OFFICIALS INDICATED THAT KUWAIT BOYCOTT WAS APPARENTLY FOLLOW-UP TO QUESTIONNAIRE REQUESTING INFORMATION ON LICENSING ARRANGEMENTS WHICH HAD BEEN CIRCULATED TO MANY JAPANESE FIRMS BY KUWAIT GOVERNMENT. THE OFFICIALS ACKNOWLEDGED THAT GOJ HAD COUNSELED JAPANESE FIRMS TO COMPLETE QUESTIONNAIRE FULLY SINCE FAILURE TO DO SO WOULD OBVIOUSLY HAVE RESULTED IN BOYCOTT OF ALL PRODUCTS OF FIRMS REFUSING TO DO SO. THEY POINTED OUT THAT INFORMATION ON LICENSING ARRANGEMENTS IS OPENLY PUBLISHED BY JAPANESE GOVERNMENT ANYWAY. LIMITED OFFICIAL USE

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PAGE 03 TOKYO 08178 01 OF 02 030652Z

4. EMBOFFS STRESSED POINTS OUTLINED PARA 5 REF A. AND EXPRESSED HOPE THAT BOYCOTT PRESSURES WOULD NOT INTERFERE WITH CURRENT OR FUTURE LICENSING ARRANGEMENTS BETWEEN RCA AND JAPANESE FIRMS. FORMIN OFFICIALS RESPONDED THAT BOTH GOJ AND COMPANIES INVOLVED WERE WELL AWARE OF POSSIBLE REPERCUSSIONS WHICH COULD OCCUR IN THE U.S. IF IT APPEARED THAT JAPANESE FIRMS WERE GIVING IN TO ARAB BOYCOTT AND THAT THEY FELT THEMSELVES IN VERY DIFFICULT POSITION. FORMIN OFFICIALS SAID THAT GOJ WAS LEAVING RESPONSE FULLY UP TO FIRMS INVOLVED AND THAT FORMIN WAS NOT DIRECTLY IN CONTACT WITH KUWAIT GOVERNMENT ABOUT THIS MATTER. (EMBASSY COMMENT: DESPITE THESE CLAIMS, GOJ WILL UNDOUBTEDLY BE CONSULTED BY FIRMS INVOLVED BEFORE THEY MAKE ANY DECISIONS.) THEY WENT ON TO EXPLAIN THAT JAPANESE FIRMS INVOLVED WOULD BE ATTEMPTING TO GET KUWAIT GOVERNMENT TO REVERSE ITS BOYCOTT DECISION BY

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PAGE 01 TOKYO 08178 02 OF 02 030655Z

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LIMITED OFFICIAL USE SECTION 2 OF 2 TOKYO 8178

ARGUING THAT SHARE OF TOTAL COST OF BOYCOTTED PRODUCTS WHICH IS REPRESENTED BY COMPONENTS PRODUCED UNDER RCA LICENSES IS VERY SMALL. THEY ADDED THAT THIS SAME APPROACH IS BEING USED BY ANOTHER JAPANESE FIRM, SASAKURA MACHINERY MFG. CO., WHOSE DESALINATION EQUIPMENT HAS BEEN BOYCOTTED BY KUWAIT SINCE 1976 BECAUSE OF A LICENSING ARRANGEMENT WITH THE U.S. FIRM, AQUACHEM INC. OF MILWAUKEE, WISC. FOREIGN MINISTRY UNDERSTANDS THAT UNDER BOYCOTT PROCEDURES, DECISIONS BY KUWAIT IN THESE CASES WILL PROBABLY HAVE TO AWAIT

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PAGE 02 TOKYO 08178 02 OF 02 030655Z

CONSIDERATION BY ARAB BOYCOTT COMMITTEE MEETING SOME
TIME LATER THIS YEAR. IN MEANTIME PRODUCTS WILL CONTINUE TO
BE BOYCOTTED.

5. NOTING THAT THE PRODUCTS INVOLVED IN THE BOYCOTT
OF THE FOUR JAPANESE ELECTRICAL MANUFACTURERS REPRESENT
EXPORTS VALUED AT ABOUT \$100 MILLION, FOR MIN OFFICIALS
EXPLAINED THAT MATTER IS OF SERIOUS CONCERN TO GOJ.
THEY SAID THAT THEY HAVE NO REASON TO BELIEVE SAME
BOYCOTT MEASURE WILL BE EMPLOYED BY OTHER ARAB NATIONS
ADDING, HOWEVER, THAT TOO MUCH PUBLICITY OR OVER-
REACTION IN THE U.S. COULD WELL EXACERBATE SITUATION.
THE OFFICIALS AGREED TO MAINTAIN CONTACT WITH THE
EMBASSY ON THIS MATTER.

6. EMBASSY PLANS FURTHER DISCUSSIONS WITH RCA
REPRESENTATIVE JOHN RICH WHEN HE RETURNS FROM
OVERSEAS TRIP NEXT WEEK AND WILL REPORT FURTHER
INFORMATION AS IT IS DEVELOPED.
SHOESMITH

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